Financing Agreement

(Niger Solar Electricity Access Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 24, 2017
FINANCING AGREEMENT

AGREEMENT dated 2017, entered into between REPUBLIC OF NIGER ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"): 

(a) an amount equivalent to three million two hundred thousand Special Drawing Rights (SDR 3,200,000) ("Grant"), and

(b) the amount of forty-two million seven hundred thousand euros (EUR 42,700,000) ("Credit").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum.
2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (a) carry out Part 1 of the Project through the Ministry of Finance; and (b) cause: (i) Parts 2 and 4.1, 4.3 and 4.4 of the Project to be carried out by the Agence Nigerienne de Promotion de l’Electrification en milieu Rural; and (ii) Parts 3 and 4.2 of the Project to be carried out by Société Nigerienne d’Electricité (together the “Project Implementing Entities”) in accordance with the provisions of Article IV of the General Conditions and the Project Agreements.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) the Project Implementing Entities’ Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any of the Project Implementing Entities to perform any of its obligations under each of their respective Project Agreements;

(b) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by any of the Project Implementing Entities of its obligations under each of their respective Project Agreements; and

(c) the removal of tax and customs duties exemptions for solar energy equipment and material under any law, decree, order and/or decision.
4.02. The Additional Events of Acceleration consist of the following:

(a) the event specified in paragraph (a) of Section 4.01 of this Agreement occurs;

(b) the event specified in paragraph (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient; and

(c) the event specified in paragraph (c) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) Subsidiary Agreements have been executed on behalf of the Recipient and each of the Project Implementing Entities, in form and substance satisfactory to the Association;

(b) the Recipient and each Project Implementing Entity has adopted the Project Implementation Manual satisfactory to the Association in accordance with Section I.B of Schedule 2 to this Agreement; and

(c) the DGOFR PIU, the ANPER PIU and the NIGELEC PIU, each has been established in accordance with Section I.A. of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following:

the Subsidiary Agreements have been duly authorized or ratified by the Recipient and each of the Project Implementing Entities, and is legally binding upon the Recipient and each of the Project Implementing Entities in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.
5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Recipient’s minister responsible for planning.

6.02. The Recipient’s Address is:

Ministère du Plan
B.P. 862
Niamey
Republic of Niger

Facsimile:
227 20725322

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at Niamey, Republic of Niger, as of the day and year first above written.

REPUBLIC OF NIGER
By

[Signature]
Authorized Representative
Name: Khare Aichataou Boullama
Title: Minister of Planning

INTERNATIONAL DEVELOPMENT ASSOCIATION
By

[Signature]
Authorized Representative
Name: Siaka Bakayoko
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase access to electricity through solar energy in rural and peri-urban areas of the Republic of Niger.


Support to the Recipient to set up and operationalize a local-currency line of credit to provide access to finance in the solar energy market, and provide technical assistance to improve the capacity of solar companies to access commercial financing through Sub-project Credits for:

(a) Enterprise Financing: Provision of working capital or direct investment capital in order to enable solar system importers, wholesalers, retailers, installers, and solar electricity service providers to enable them to import high-quality equipment, develop distribution networks, provide services and make investments to expand their activities; and

(b) Microfinance: Provision of microcredits to households, micro-firms and farmers for the purchase of quality-certified individual solar systems.

Part 2: Rural electrification through service-based solar hybrid mini-grids

(a) Support to the Recipient for the installation of solar photovoltaic generation and related mini-grid distribution systems to supply electricity connections to households, community facilities, and productive users, with emphasis on agribusiness and pumping services for irrigation and drinking water supply, through financing of Sub-project Grants.

(b) Support to the Recipient for the financing of the services of an owner’s engineer to assist ANPER with: (a) overall component management and supervision of the design, procurement, construction, commissioning, and management of the construction contracts; and (b) coordination of the implementation of the Safeguards Instruments.

Part 3: Solar PV hybridization of isolated thermal mini-grids and expansion of access

(a) Support to the Recipient for financing of the hybridization of existing diesel-based isolated grids with solar photovoltaic generation and battery storage in rural areas in order to increase the hours of operation of the isolated systems and/or decrease diesel consumption through, inter alia, installation of power plants and storage systems; adding, replacing, or upgrading distribution lines and substations.
(b) Support to the Recipient for the financing of the installation of new connections to the grid, meters, and purchase of spare parts and tools.

(c) Support to the Recipient for financing the services of an owner's engineer to assist NIGELEC with: (i) project management and supervision of the design, procurement, construction, commissioning and management of the engineering-procurement-construction contract(s); and (ii) coordination of the implementation of the Safeguard Instruments.

Part 4: Implementation support and technical assistance

Support for Project management and implementation, capacity building and technical assistance to key off-grid electrification sector stakeholders, as well as monitoring and evaluation as follows:

Part 4.1. Project Management and Implementation Support to ANPER and to the Ministry of Energy. Provision of support for Project management and implementation, including establishment of the DGOFR PIU, the ANPER PIU, payment of Operating Costs, Training, technical, fiduciary, auditing, and monitoring and evaluation support, advice on gender mainstreaming, feasibility studies, safeguards, and other analytical works required for Project implementation.

Part 4.2. Project Management and Implementation Support to NIGELEC. Provision of support required for Project management and implementation of the NIGELEC PIU, including payment of operational costs, technical, fiduciary, auditing, and monitoring and evaluation support, advice on gender mainstreaming, feasibility studies, safeguards, and other analytical works required for Project implementation.

Part 4.3. Capacity Building and Technical Assistance. Strengthening of the capacity of key stakeholders to support the implementation of the Project: (i) capacity building for government agencies; (ii) capacity building for financial sector actors participating in the project; (iii) technical assistance to private distributors and operators to develop their businesses and reach out to rural households and farmers.

Part 4.4. Information, Education and Communication. Provide support to campaigns to raise consumer awareness and increase knowledge about the Project, including, *inter alia*, availability of the systems, and services offered by the Project and the available financing options and warranties.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, throughout the Project implementation period, the following, with terms of reference and resources satisfactory to the Association, and with qualified and experienced staff in adequate numbers, to carry out their respective responsibilities related to implementation of the Project:

(a) a Project Steering Committee to oversee and monitor the Project, provide high level policy guidance and strategic directions, ensure coordination with other sectors during implementation, and resolve issues and challenges related to the Project requiring high level interventions. The Project Steering Committee will be chaired by the Ministry of Energy and will include representatives from ANPER, NIGELEC, the National Centre for Solar Energy as well as representatives from relevant line ministries, and agencies.

(b) the Project Implementation Unit, established within the Directorate General of Financial Operations and Reforms, adequately staffed, and responsible for the day-to-day operations of Part 1 of the Project, including oversight of the planning, provision of specialized technical support, coordination with other authorities, carrying out of fiduciary, safeguards and monitoring of Part 1 of the project as well as preparation of reports and the AWPB for Part 1 of the Project, to be submitted to ANPER PIU for consolidation, submission, and approval by the Association. The DGOFR PIU will include a financial analyst and will report to the General Director of DGOFR.

(c) the National Centre for Solar Energy adequately staffed, and responsible for supervising the technical assistance activities of Part 1 of the Project.

2. The Recipient shall ensure that the Project Implementing Entities, maintain and cause to be maintained, during the period of implementation, the following, with terms of reference and resources satisfactory to the Association, and with qualified and experienced staff in adequate numbers, to carry out their respective responsibilities related to the implementation of the Project:
(a) the ANPER Project Implementation Unit established within ANPER, adequately staffed, and responsible for the day-to-day operations of the Project, including oversight of the planning, provision of specialized technical support, procurement of service providers, coordination with other authorities, carrying out of fiduciary, safeguards and monitoring of the Project as well as preparation of reports and the AWPB for Part 2 and Part 4 (except Part 4.2) of the Project. In addition, the ANPER PIU will consolidate the AWPB for the entire project for submission to and approval by the World Bank. The ANPER PIU will be headed by a project manager and will be supported by the following officers: environmental and social safeguard specialist, procurement specialist, financial officer, accountant, rural electrification specialist, a business development specialist, a monitoring and evaluation specialist and an independent auditor for the entire Project; and

(b) the unit Cellule des Grands Projets at NIGELEC acting as NIGELEC Project Implementation Unit responsible for the day-to-day operations of the Project, including oversight of the planning, provision of specialized technical support, procurement of service providers, coordination with other authorities, carrying out of fiduciary, safeguards and monitoring of the Project as well as preparation of reports and the AWPB for Part 3 and Part 4.2 of the Project, to be submitted to ANPER PIU for consolidation. The NIGELEC PIU will be supported by the following officers: environmental and social safeguard specialist and an accountant.

B. Project Implementation Manual and Annual Work Plans

Project Implementation Manual

1. The Recipient shall:

(a) carry out the Project, and cause the Project to be carried out, in accordance with the Project Implementation Manual, which contains detailed guidelines and procedures for the implementation of the Project, including:

(i) terms and conditions relevant to the establishment and management of the credit lines including: (A) the eligibility criteria applicable to the selection of PFIs and MFIs to participate in and provide Sub-project Credits under Part 1 of the Project; (B) financial terms and conditions of the PFI Sub-financing and the MFI Sub-financing; (C) terms and conditions required to be adhered to by the PFIs and MFIs as a condition of their continued participation therein;
(ii) eligibility criteria applicable to Beneficiaries to qualify and receive Sub-project Credits under Part 1 of the Project;

(iii) eligibility criteria applicable to and selection of Concession Beneficiaries to receive Sub-project Grants under Part 2 of the Project;

(iv) selection and eligibility criteria for selecting investments (including economic and technical feasibility, ownership and environmental and social risks and impacts on the surrounding community), and rules and procedures applicable to the preparation, approval, implementation, monitoring and evaluation of Sub-projects under Parts 1 and 2 of the Project;

(v) general administration, coordination and day to day execution of Project activities including: (A) roles and responsibilities of various entities in the implementation of the Project; (B) financial management, procurement and accounting procedures; (C) social and environmental safeguards; (D) corruption and fraud mitigation measures; (E) monitoring and evaluation; (F) terms and conditions of service agreements; and (G) any other activities to be implemented under the Project, and such other arrangements and procedures as shall be required for the effective implementation of the Project; and

(b) except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual.

2. In case of conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

**Annual Work Plan and Budget**

3. The Recipient shall, not later than December 1 of each year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

4. The Recipient shall exchange views with the Association on each such proposed Annual Work Plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association.
C. Subsidiary Agreements

1. To facilitate the carrying out of the Respective Parts of the Project by the Project Implementing Entities, the Recipient shall make the proceeds of the Financing allocated from time to time to Categories 2, 3, 4, 5, 6 and 7 of the table set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entities under a subsidiary agreement between the Recipient and each of the Project Implementing Entities ("Subsidiary Agreements"), under terms and conditions approved by the Association, which shall include the following: (i) the principal amount of the credit or grant made available under the Subsidiary Agreement; (ii) the financing terms of the credit made available under the Subsidiary Agreement; (iii) the right of the Recipient to suspend or terminate the right of any of the Project Implementing Entities to use said proceeds of the financing, or to obtain a refund of all or any part of the amount of the financing then withdrawn, upon any of the Implementing Entities failure to perform any of the obligations under the applicable Subsidiary Agreement.

2. Each Subsidiary Agreement shall further include the obligation of each Project Implementing Entity to:

(a) implement the Respective Part of the Project with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, including the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds, other than the Recipient, Safeguards Instruments, and in accordance with the provisions of this Agreement;

(b) (i) procure all goods, works and services required under said Respective Part of the Project and to be financed out of the proceeds of the Financing in accordance with the provisions of Section III of this Schedule; and (ii) ensure that all such goods, works and services are used exclusively for the purposes of said Parts;

(c) ensure that all facilities relevant to said Parts shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed;

(d) with respect to records management: (i) maintain records adequate to record the progress of said Respective Part of the Project (including its cost and the benefits to be derived from it), to identify the goods, works and services financed out of the proceeds of the Financing and disclose their use in said parts; (ii) furnish such records and information as may be requested by the Recipient or the Association; and (iii) retain all records
evidencing expenditures under said Respective Part of the Project for the period of time specified in the General Conditions;

(e) with respect to monitoring and evaluation: (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Recipient and the Association, the progress of said Respective Part of the Project and the achievement of its objective; (ii) prepare periodic reports, in form and substance satisfactory to the Recipient and the Association, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Respective Parts of the Project and to achieve its objective, each such report to cover a calendar quarter; (iii) furnish each such report to the Recipient and the Association within forty-five (45) days after the end of such period; and (iv) prepare, and furnish to the Recipient a final report, of such scope and in such detail as the Recipient and the Association shall reasonably request, on the execution of said Respective Part of the Project, and furnish the same to the Recipient and the Association not later than six (6) months after the end of the Project;

(f) with respect to financial management: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Recipient and the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to said Respective Part of the Project; (ii) avail the records pertaining to said parts to external and internal auditors; (iii) prepare as part of the Project Report, interim unaudited financial reports covering each quarter, and furnish them to the Recipient and the Association not later than forty-five (45) days after the end of the period covered by such reports, and provide such other information concerning such unaudited financial statements as the Recipient or the Association may from time to time reasonably request; and (iv) have its financial statements audited by independent auditors and applying standards both acceptable to the Association at least once in each fiscal year; and

(g) enable the Recipient and the Association to inspect the Respective Parts of the Project, their operations and any relevant records and documents.

2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement or any of its provisions.
D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. PFI and MFI; PFI and MFI Sub-financing and Terms and Conditions of PFI and MFI Sub-financing Agreements

1. Solicitation of Expressions of Interest and Eligibility of PFIs and MFIs

(a) The Recipient, through the DGOFR, shall solicit expressions of interest from financial institutions operating in the Recipient’s territory, to participate in the credit facilities established under Part 1 of the Project, as Participating Financial Institutions (PFIs) and as Micro-Finance Institutions (MFIs), in accordance with the criteria and approval procedures set forth in the PIM.

(b) No proposed PFI or MFI shall be eligible, respectively, for a PFI Sub-financing and a MFI Sub-financing unless the Recipient and the DGOFR shall have determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association and elaborated in the PIM, that each of the proposed PFI and MFI:

   (A) is a financial institution duly established under and operating in accordance with the Recipient’s laws;
   (B) has the legal, organizational, management, and technical capacity and financial resources necessary to appraise, approve, monitor and evaluate Sub-projects and to make and monitor Sub-project Credits under Part 1 of the Project; and
   (C) is credit-worthy and operating in accordance with sound prudential and other fiduciary standards and practices.

2. The Recipient, through the DGOFR, shall make each PFI Sub-financing to a PFI under a PFI Sub-financing Agreement with said PFI, and each MFI Sub-financing to a MFI under a MFI Sub-financing Agreement with said MFI on terms and conditions approved by the Association, which shall include the terms set forth in this Section E as further elaborated in the PIM, which shall include the following:

(a) Each PFI Sub-financing and MFI Sub-financing shall be in the maximum amount of two thousand four hundred million (2,400,000,000) West African CFA francs, denominated and repayable in West African CFA francs, shall be on arm’s length market terms at the rate prevailing in the local loan market in Niger and have an appropriate maturity and grace period.
3. The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(a) require each PFI and each MFI to undertake a time-bound institutional development program acceptable to the Association, designed to enhance its institutional capacity and in particular, its capacity to make Sub-project Credits,

(b) suspend or terminate the right of the PFI and or the MFI to use the proceeds, respectively, of the PFI Sub-financing and the MFI Sub-financing, or obtain a refund of all or any part of the amount of the same then withdrawn, upon the PFI’s or the MFI’s failure to perform any of its obligations, respectively, under the PFI Sub-financing Agreement and the MFI Sub-financing Agreement;

(c) require each PFI and each MFI to make Sub-project Credits and monitor and evaluate the Sub-projects financed under said Sub-project Credits, in accordance with the provisions of Section I.F of this Schedule 2, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, and the Safeguards Instruments; and to provide, promptly as needed, the resources required for the purpose;

(d) require each PFI and each MFI to ensure that the goods and services to be financed out of the PFI Sub-financing and the MFI Sub-financing are procured, in accordance with the provisions of Section III of this Schedule 2;

(e) require each PFI and each MFI to maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-projects financed, and other activities undertaken, under their PFI Sub-financing Agreement and MFI Sub-financing Agreement in a manner which contributes to the achievement of the overall objective of the Project;

(f) require each PFI and each MFI to: (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations and resources and expenditures related to the Project; (2) at the Association’s, the Recipient’s or the DOOFR’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently
applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(g) require each PFI and each MFI to enable the Recipient, the Association or DGOFR to inspect any Sub-project or other activity financed, respectively, under the PFI Sub-financing Agreement and the MFI PFI Sub-financing Agreement, its operation and any relevant records and documents;

(h) require each PFI and each MFI to comply with prudential standards set by the Banque Centrale des Etats de l'Afrique de l'Ouest and such additional standards as may be set forth or referred to in the PIM;

(i) require each PFI and each MFI to permit the Association to make the PFI Sub-financing Agreement and the MFI PFI Sub-financing Agreement and all financial statements audited pursuant to sub-paragraph (f) of this Section I.E.3 available to the public in accordance with the Association’s policies on access to information; and

(j) require each PFI and each MFI to prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

F. Sub-projects Credits under Part 1 of the Project, Sub-project Credit Agreement

1. Eligibility

The Recipient shall cause each PFI and MFI to ensure that Sub-project credits are made exclusively for Sub-projects to Beneficiaries selected in accordance with eligibility criteria and approval procedures, acceptable to the Association, and further elaborated in the PIM, including, without limitation, the following:

(a) No proposed Sub-project shall be eligible for financing under a Sub-project Credit to a Beneficiary unless the PFI or the MFI, as the case may be, shall have determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association and elaborated in the PIM, that:

(i) the proposed Sub-project: (A) is technically feasible and economically and financially viable; and (B) if Safeguards Instruments for the Sub-project is (or are) required, such Safeguard Instruments have been prepared and approved by the Association in accordance with the provisions of Section I.H of this Schedule 2 and all measures required to be taken in accordance with said Section prior to commencement of the
activities covered by the Safeguard Instruments, have been taken; and

(ii) the proposed Beneficiary: (A) is a natural person or legal entity established and operating under the laws of the Recipient, with the organization, management, technical capacity and financial resources necessary to carry out the proposed Sub-project; (B) has prepared a satisfactory financing plan and budget, and a satisfactory implementation plan for the proposed Sub-project.

2. Sub-project Credit Agreements

The Recipient shall ensure that each Sub-project Credit is made under a Sub-project Credit Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

(a) The Sub-project Credit shall be in the maximum amount of two hundred forty million (240,000,000) West African CFA francs, denominated and repayable in West African CFA francs and shall be on arm's length market terms at the rate prevailing in the local loan market in Niger and have an appropriate maturity and grace period, consistent with the PFI and MFI normal policies and procedures and acceptable to the Association.

(b) The PFI or the MFI, as the case may be, shall obtain rights adequate to protect its interests and those of the Association and the Recipient, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-project Credit, or obtain a refund of all or any part of the amount of the Sub-project Credit then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-project Credit Agreement; and (ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of: (1) the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (2) the Safeguards Instruments required for the Sub-project; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-project Credit in accordance with the provisions of Section III of this Schedule; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the request of the
Association or the Recipient or the PFI or the MFI, as the case may be, have such financial statements audited by independent auditors acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, and the PFI or MFI as the case may be; (F) enable the Recipient, the Association, and the PFI or MFI as the case may be to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient, the Association, and the PFI or MFI, as the case may be, all such information as the Recipient, the Association, or the PFI or the MFI shall reasonably request relating to the foregoing.

G. Sub-project Grants under Part 2 of the Project, Sub-project Grant Agreements

1. Solicitation of Expressions Interest and Eligibility of Concession Beneficiaries

(a) The Recipient, through the ANPER, shall solicit expressions of interest from companies operating in the Recipient’s territory, to invest, construct, and operate, solar hybrid mini grids under Part 2 of the Project, as concessions, in accordance with the criteria and approval procedures set forth in the PIM.

(b) No companies shall be eligible unless the ANPER shall have determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association and elaborated in the PIM, that each of the proposed companies: (A) is a company duly established under and operating in accordance with the Recipient’s laws; (B) has the legal, organizational, management, and technical capacity and financial resources necessary to carry out Sub-projects.

2. Sub-project Grants

(a) For the purpose of carrying out Part 2 of the Project, the Recipient shall provide Sub-project Grants, through the ANPER, to eligible Concession Beneficiaries for the purpose of supporting financing costs and reducing tariffs ensuring affordability of the end-users and fair profitability of the Concession Beneficiaries in accordance with this Agreement and in accordance with the selection criteria, guidelines and procedures set forth in the Project Implementation Manual.
(b) The Recipient, through the ANPER, shall:

(A) enter into Sub-project Grant Agreements with the Concession Beneficiary, under terms and conditions approved by the Association and included in the Project Implementation Manual, for the implementation of Sub-projects on a non-reimbursable grant basis;

(B) prepare each Sub-project Grant Agreement based on the model form approved by the Association and included in the Project Implementation Manual, in which the Recipient and the ANPER shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Concession Beneficiary to use the proceeds of the Sub-project Grant, or obtain a refund of all or any part of the amount of the Sub-project Grant then withdrawn, upon the Concession Beneficiary’s failure to perform any of its obligations under the Sub-project Grant Agreement; and (ii) require each Concession Beneficiary to: (A) carry out its pertinent Sub-project with due diligence and efficiency and in accordance with sound technical, economic, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds, other than the Recipient and the Safeguard Instruments; (B) provide, promptly as needed, the resources required for the carrying out of the Sub-project; (C) procure the goods, works, non-consulting services and consultants’ services to be financed out of the Sub-project Grant in accordance with the provisions of this Agreement; (D) maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the pertinent Sub-project and the achievement of its objectives; (E) maintain a simplified financial management system and records in accordance with consistently applied accounting standards acceptable to the Bank for community driven initiatives; (F) enable the Recipient and the Association to inspect the pertinent Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and
(c) exercise its rights and carry out its obligations under the Sub-project Grant Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, ensure that the ANPER shall not assign, amend, abrogate, waive, terminate or fail to enforce any Sub-project Grant Agreement or any provisions thereof.

H. Safeguards

1. The Recipient shall carry out, and shall cause the Project Implementing Entities to carry out, the Project in accordance with the provisions of the Safeguards Instruments.

2. If any Supplemental Social and Environmental Safeguard Instrument is required under any of the Safeguard Instruments, the Recipient shall:

   (a) (i) prepare such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable Safeguard Instrument; (ii) carry out consultations upon such Supplemental Social and Environmental Safeguard Instrument; (iii) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (iv) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activities; and

   (b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.

3. The Recipient shall ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association’s environmental and social safeguard policies and the Recipient’s own laws relating to the environment and social aspects.

4. If any activity under the Project would involve Affected Persons, the Recipient shall and shall cause the Project Implementing Entities to: (a) ensure that no physical or economic displacement shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF, including, in the case of either physical or economic displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented; and (b) provide from
its own resources, any financing required for any measures under sub-paragraph (a) above including any costs associated with land acquisition required for the Project.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall for each of the Safeguards Instruments including the related Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with such Safeguard Instrument including the related Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including the Supplemental Social and Environmental Safeguard Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including the Supplemental Social and Environmental Safeguard Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and as set forth in the PIM.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit and of the Grant Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in EUR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed inclusive of Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-project Credits under Part 1 of the Project</td>
<td>6,500,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Part 2 and Parts 4.1, 4.3 and 4.4 of the Project</td>
<td>4,500,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Sub-project Grants under Part 2 of the Project</td>
<td>7,600,000</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Part 3(a), 3(b) and Part 4.2 of the Project</td>
<td>22,100,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Part 3(e) of the Project</td>
<td>0</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Sub-project Grants under Part 4.3 of the Project</td>
<td>700,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Refund of Preparation Advance</td>
<td>1,300,000</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>42,700,000</td>
<td>3,200,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed EUR 1,000,000 may be made for payments made prior to this date but on or after May 1, 2017 for Eligible Expenditures under Categories 2 and 4.

(b) for payments under Category 1 unless the Recipient has furnished evidence satisfactory to the Association that the Recipient has established the DGOFR PIU, with staff selected competitively with terms of reference, qualifications, and relevant experience satisfactory to the Association.

(c) for payments under Category 1 unless the Recipient has furnished evidence satisfactory to the Association that the Recipient, in conformity with the Article 69 of the Electricity Law 2016, has approved, enacted and published a Finance Law providing for tax and customs duties exemptions of solar energy equipment and material as defined in the Inter-Ministerial Decision.

(d) for payments under Categories 2 and 3 unless the Recipient has adopted the Rural Electrification Implementation Framework, in form and substance satisfactory to the Association, and has provided evidence that the Rural Electrification Implementation Framework has been duly signed, approved, and published.

2. The Closing Date is January 31, 2024.

Section V. Other Undertakings

1. The Recipient shall cause ANPER to acquire and make functional, not later than ninety (90) days from the Effective Date, a multi-donor and multi-project accounting system.

2. The Recipient shall cause the ANPER PIU, not later than one hundred and twenty (120) days from the Effective Date, to: (i) appoint an independent auditor; and (ii) to recruit an additional accountant to support the ANPER PIU.

3. The Recipient shall, in conformity with Article 69 of the Electricity Law 2016 and not later than one-hundred and twenty (120) days from the Effective Date, adopt the Inter-Ministerial Decision, and ensure that the Inter-Ministerial Decision is implemented through any necessary acts required to be adopted by the fiscal administration and domestic customs authorities. Any amendments to the Inter-
Ministerial Decision during the period of implementation of the Project will be made in form and substance satisfactory to the Association.
SCHEDULE 3
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15, commencing August 15, 2023, to and including February 15, 2055.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.


3. "ANPER" means the Agence Nigérienne de Promotion de l'Electrification en milieu Rural established and operating pursuant to the Project Implementing Entity Legislation.

4. "ANPER Project Implementation Unit" or "ANPER PIU" has the meaning ascribed to it in Section I.A 2(a) of Schedule 2 to this Agreement.

5. "Annual Work Plans" or "AWPB" means the annual work plans and budgets for the activities under the Project approved by the Association in accordance with the provisions of Sections I.B of Schedule 2 to this Agreement; and "Annual Work Plan" means any of the Annual Work Plans.

6. "Basis Adjustment to the Service Charge" means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

7. "Beneficiary" means the PFI Beneficiaries and the MFI Beneficiaries.

8. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

9. "Concession Beneficiary" means a solar system installer, and/or a solar electricity service provider that meets the eligibility criteria and conditions specified in Section I.G of Schedule 2 to this Agreement and in the Project Implementation Manual for receiving funds and as a result has received, or is entitled to receive a Sub-project Grant.


12. “Environmental and Social Management Framework” or “ESMF” means the plan prepared and adopted by the Recipient dated April, 2017, disclosed in-country on April 8, 2017, and in the Bank’s Infoshop on April 10, 2017, setting out the modalities to be followed in assessing the potential adverse environmental and social impacts of Project activities (including impacts on natural habitat, forests, and physical cultural resources, as well as pest management measures) and the measures to be taken to offset, reduce or mitigate such adverse impacts; as well as for the preparation of environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.


14. “Fiscal Year” means each fiscal year of the Recipient commencing on January 1 and ending on December 31.


16. “Inter-Ministerial Decision” means the decision enacted by the Ministry of Finance and the Ministry of Energy establishing the list of solar energy equipment and material subject to tax and customs duties exemptions in a form and substance satisfactory to the Association.

17. “Micro Finance Institution” or “MFI” means one or more micro-finance institutions to be selected by the Recipient on the basis of a competitive tender process that assesses the quality and capacity of short-listed institution on the basis of, inter alia, financial performance, business practices, operational capacity, governance and sectoral experience in accordance with the provisions set forth in the PIM.

18. “MFI Beneficiary” means a household and/or a small/household-level business, including those led by women that meets the eligibility criteria and conditions specified in Section 1.F of Schedule 2 to this Agreement and in the Project Implementation Manual for receiving funds and as a result has received, or is entitled to receive a Sub-project Credit.
19. “MFI Sub-financing” means an amount of the Credit to be made available by the
DGOFR to a MFI, in accordance with the provisions of Section I.E of Schedule 2
to this Agreement.

20. “MFI Sub-financing Agreement” means an agreement to be entered into between
the DGOFR and a MFI providing for a MFI Sub-financing, in accordance with the
provisions of Section I.E of Schedule 2 to this Agreement.

21. “National Centre for Solar Energy” means the Centre National d’Energie Solaire,
established and operating pursuant to Law 98-017 of June 15, 1998.

22. “NIGELEC” means the Société Nigérienne d’Electricité, established and operating
pursuant to the Project Implementing Entity Legislation.

23. “NIGELEC Project Implementation Unit” or “NIGELEC PIU” has the meaning
ascribed to it in Section I.A 2(b) of Schedule 2 to this Agreement.

24. “Operating Costs” means the reasonable incremental expenses incurred, based on
annual budgets approved by the Association, by the Recipient on account of
Project implementation, management, and monitoring, including office supplies
and consumables; communication costs; operation and maintenance of office
vehicles and equipment; per diem and national and international travel costs and
accommodations for Project staff; reasonable bank charges; and allowances and
salaries of the Project’s contractual staff (but excluding the salaries of the
Recipient’s civil/public servants).

25. “Participating Financial Institution” or “PFI” means one or more commercial
banks to be selected by the Recipient on the basis of a competitive tender process
that assesses the quality and capacity of short-listed institution on the basis, inter
alia, of financial performance, business practices, operational capacity,
governance and sectoral experience in accordance with the provisions set forth in
the PIM.

26. “PFI Beneficiary” means solar system importers, wholesalers, retailers, installers,
and solar electricity service providers that meet the eligibility criteria and
conditions specified in Section I.F of Schedule 2 to this Agreement and in the
Project Implementation Manual for receiving funds and as a result has received, or
is entitled to receive a Sub-project Credit.

27. “PFI Sub-financing” means an amount of the Credit to be made available by the
DGOFR to a PFI, in accordance with the provisions of Section I.E of Schedule 2
to this Agreement.
28. "PFI Sub-financing Agreement" means an agreement to be entered into between DGOFR and a PFI providing for a PFI Sub-financing, in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

29. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on April 4, 2017, and on behalf of the Recipient on April 6, 2017.

30. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 28, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


32. "Project Agreements" means the agreements signed on this date between ANPER and the Association and between NIGELEC and the Association.

33. "Project Implementation Manual" or "PIM" means the manual acceptable to the Association and referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

34. "Project Implementation Unit" or "DGOFR PIU" has the meaning ascribed to it in Section I.A.1(b) of Schedule 2 to this Agreement.

35. "Project Implementing Entities" means ANPER and NIGELEC.

36. "Project Implementing Entity’s Legislation" means: (a) for ANPER, Law 2013-24 of May 6, 2013; and (b) for NIGELEC, its By-laws dated September 8, 1968, as amended from time to time.

37. "Resettlement Policy Framework" or "RPF" means the document in form and substance acceptable to the Association prepared and adopted by the Recipient dated April, 2017, disclosed in-country on April 8, 2017, and in the Bank’s Infoshop on April 10, 2017, which outlines the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

38. "Respective Parts of the Project" means with respect to:

(a) ANPER: Parts 2 and 4.1, 4.3 and 4.4 of the Project; and
39. "Rural Electrification Implementation Framework" means the strategy to be developed and adopted by the Recipient, which will, inter alia, define the rural electrification perimeter, identify financing means, the degree of subsidy to be provided, spell out regulatory mechanisms, institutional arrangements for oversight and regulation, and fiscal arrangements including tariffs.

40. "Safeguards Instruments" means the ESMF, the RPF and any Supplemental Social and Environmental Safeguards Instruments.

41. "Sub-project" means the specific development project to be carried out by a Beneficiary under Part 1 or Part 2 of the project utilizing the proceeds of a Sub-project Credit or Sub-project Grant and that meet the eligibility criteria and terms and conditions set out in Sections I.F and I.G of Schedule 2 to this Agreement and in the Project Implementation Manual.

42. "Sub-project Credit" means a loan made or proposed to be made by PFI or a MFI, under Part 1 of the Project, for the purpose of financing all or a portion of expenditures incurred by a Beneficiary for goods, works, non-consulting services, consultants' services, as applicable set out in Section I.F of Schedule 2 to this Agreement and the Project Implementation Manual.

43. "Sub-project Credit Agreement" means the agreement acceptable to the Association to be entered into between a PFI or a MFI, as the case may be, and a Beneficiary for the provision of a Sub-project Credit, and referred to in Section I.F.2 of Schedule 2 to this Agreement.

44. "Sub-project Grant" means a grant made or proposed to be made by ANPER out of the proceeds of the Financing, under Part 2 of the Project, for the purpose of financing all or a portion of the reasonable cost of goods, works, non-consulting services, and consultants' services incurred by a Concession Beneficiary in carrying out a Sub-project set out in Section I.G.2 of Schedule 2 to this Agreement and in the Project Implementation Manual.

45. "Sub-project Grant Agreement" means the agreement acceptable to the Association to be entered into between the Recipient through ANPER and a Concession Beneficiary for the provision of a Sub-project Grant, and referred to in Section I.C.2 of Schedule 2 to this Agreement.

46. "Subsidiary Agreement" means the agreements referred to in Section I.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Project Implementing Entity.
47. “Supplemental Social and Environmental Safeguards Instruments” means any site-specific or sub-project specific environmental and social management plan, resettlement action plan, pest management plan, or other supplemental social and environmental safeguards instruments as required under the terms of the ESMF or RPF.

48. “Training” means the reasonable costs of training under the Project, based on the Annual Work Plans and budgets referred to in Section 1.B of Schedule 2 to this Agreement as approved by the Association, and attributable to national and international seminars, workshops, and study tours, along with national and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.